

Message Text

UNCLASSIFIED

PAGE 01 JAKART 06354 240041Z

70

ACTION OPIC-12

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 TRSE-00 XMB-07 SP-03 CIEP-02

LAB-06 SIL-01 OMB-01 L-03 IGA-02 /092 W

----- 019371

P 230530Z MAY 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 2447

UNCLAS JAKARTA 6354

PASS TO OPIC FOR MULLER, CULMAN AND LIPMAN FROM NIELSON

E.O. 11652: N/A

TAGS: EFIN, ID

SUBJ: P.T. UNITED COCONUT INDONESIA

1. TO DATE AFTER SERIES OF MEETINGS IN SINGAPORE AND JAKARTA BY OPIC REP. WITH WODTKE, MILTON, AND CHERER OF PICA; J. JORDAN OF UNITED US; R. HERITIER OF CENTREX; A. BARAMULI OF P.T.POLECO, AND AFTER A SPECIAL MEETING OF BOARD OF DIRECTORS AND STOCKHOLDERS ON MAY 20, NO REPEAT NO FIRM FINANCIAL RESTRUCTURING PLAN OF SUBJECT COMPANY HAS BEEN FINALIZED BECAUSE OF J. JORDAN'S REFUSAL TO ACCEPT OPIC'S CONDITION THAT US 100,000 DOLLARS OR EQUIVALENT LOCAL CURRENCY OF SHARE SALE PROCEEDS BE DEPOSITED IN ESCROW IN AN ACCEPTABLE JAKARTA BANK AS A PREPAYMENT OF DESECCATED COCONUT.

2. JORDON ALLEGES ABILITY TO RAISE OVERRUN FUNDS BUT CONTINUALLY DELAYS AND ARGUES AND TURNS TO A. BARAMULI FOR SUBJECT COMPANY'S PAYROLL AND HIS PERSONAL EXPENSES.

3. OPIC REP. POINTED OUT TO BOARD AND STOCKHOLDERS THAT COMPANY WAS BANKRUPT; THAT ITS BANK ACCOUNTS CON-

UNCLASSIFIED

PAGE 02 JAKART 06354 240041Z

SISTED OF (A) 17 US DOLLARS; (B) 5,000 US DOLLAR

EQUIVALENT OF LOCAL CURRENCY; (C) PHYSICAL PLANT COST
OVERRUN EXCEEDING US \$200,000 AND (D) WORKING CAPITAL
REQUIREMENTS TO JUNE 30, 1974 IN EXCESS OF US \$460,000,
INCLUDING OVERRUN. OPIC REP. SUGGESTED FOLLOWING
RESTRUCTURING PLAN TO BOARD AND SHAREHOLDERS:

A. P.T. POLECO ASSUME UNITED US'S OBLIGATIONS UNDER
PROJECT COMPLETION AGREEMENT UPON THE PURCHASE OF
UNITED US SHARE HOLDINGS. COMMENT: POLECO AGREES.

B. P.T. POLECO PURCHASE UNITED US'S 150,150 SHARES
AT TOTAL PRICE OF US \$270,815. COMMENT: POLECO AGREES.

C. UNITED US SELL ITS SHARES AT PRICE IN REF. B;
TERMINATE TECHNICAL ASSISTANCE AGREEMENT; DEPOSIT
US \$100,000 IN JAKARTA BANK IN ESCROW AS A PREPAYMENT
OF DESECCATED COCONUT, WITH RIGHT OF SUBJECT COMPANY TO
DRAW AGAINST ESCROWED FUNDS UPON SUBMISSION OF APPROPRIATE
SHIPPING DOCUMENTS; AND MODIFICATION OF MARKETING
AGREEMENT, SUBJECT TO APPROVAL OF BOARD, OPIC, AND
POLECO. COMMENT: AT THIS TIME OPIC'S CONDITION OF
ESCROWED FUNDS PRIOR TO ANY RELEASE OF UNITED US'S
OBLIGATIONS IS UNACCEPTABLE TO JORDON. MARKETING
AGREEMENT , EXCEPT PRICING FORMULA HAS BEEN NEGOTIATED
OUT. TERM REDUCED FROM 15 TO 8 YEARS; INSURANCE OF
5 TO 10 THOUSAND SUBSTITUTED FOR FOUR HUNDRED THOUSAND
DOLLAR BOND.

D. P.T. POLECO TO PURCHASE PICA SHARES AT
US \$1.50 PER SHARE. COMMENT: POLECO AGREES. PICA
FIRM AS TO SALE. PICA WILL CONSIDER AN ADDITIONAL FIVE
YEAR WORKING CAPITAL LOAN TO COMPANY AND EXTENSIONS,
IF NECESSARY. PICA AGREES TO REMAIN ON BOARD IF
JORDON IS REMOVED FROM MANAGEMENT.

E. GENTREX TO RETAIN ITS SHARE HOLDINGS AND
DIRECTORSHIP. COMMENT: ANY PRIOR SUPPORT OF JORDON BY
GENTREX IS NOW WITHDRAWN BY FORD (PRESENTLY IN SINGAPORE)
HERITIER AND SKRINE. SKRINE AT BOARD MEETING SUBMITTED
MOTION FOR IMMEDIATE REMOVAL OF JORDAN AS PRESIDENT/
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 JAKARTA 06354 240041Z

DIRECTOR AND THE ELECTION OF BARAMULI. MOTION TABLED
TO ADJOURNED MEETING OF MAY 24. OPIC REP. DID NOT
PARTICIPATE IN ABOVE DISCUSSION. PROBABLY A MISTAKE.

F. CLOSING DATE FOR REVIEW AND SIGNING OF DOCUMENTS
MAY 24, SCHEDULED ADJOURNED BOARD MEETING. COMMENT:
FRANK MORGAN ONLY MKK ATTORNEY AVAILABLE AND HIS TIME
SCHEDULE FOR DOCUMENTS IS NEXT WEEK. OPIC REP. DRAFTING

DOCUMENTS.

4. NEGOTIATIONS ON MAY 22 BETWEEN OPIC REP. BARAMULI AND OTHER REPRESENTATIVES OF POLECO RESULTED IN AGREEMENT BY POLECO TO ASSUME OBLIGATIONS OF PROJECT COMPLETION AGREEMENT, AFTER PURCHASING PICA SHARES, IRRESPECTIVE OF WHETHER JORDAN DOES OR DOES NOT SELL HIS SHARES, PROVIDED BOARD REMOVED JORDAN AS PRESIDENT/DIRECTOR AND MEMBER OF BOARD OF DIRECTORS. JORDAN TO RETAIN MARKETING AGREEMENT.

5. UNLESS JORDAN MODIFIES HIS STAND ON THE ESCROW FUND PROPOSAL, THIS IS THE MOST ACCEPTABLE COURSE TO FOLLOW.

6. PLANT IS COMPLETE AND ADEQUATE WATER SUPPLY IS REPRESENTED. THREE HOUR SATISFACTORY TEST RUN OPERATION MADE LAST WEEK. THE 35 DAY TEST RUN IS SCHEDULED TO BEGIN MAY 24. BARAMULI AGREED TO FINANCE TEST RUN COSTS. KELLY ACTING GENERAL MANAGER, SIEBERS AND HODGSON WAITING IN JAKARTA FOR BACK PAY.

7. OPIC REP. SCHEDULE IS LEAVE JAKARTA LATER PART OF NEXT WEEK FOR BANGKOK AND WASHINGTON. PLEASE ADVISE ALMA ALL IS WELL. OPIC REP. AT HOTEL INDONESIA.
NEWSOM

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, INVESTMENT LAW, INVESTMENT GUARANTEES, BUSINESS FIRMS, STOCKS (SECURITIES), NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974JAKART06354
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740130-0096
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740524/aaaaauuk.tel
Line Count: 140
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 29 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 OCT 2002 by boyleja>; APPROVED <09 JAN 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: P.T. UNITED COCONUT INDONESIA
TAGS: EFIN, ID, US, OPIC, P T UNITED COCONUT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005